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UNCLAS SECTION 01 OF 02 BAKU 001564

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DEPT PLEASE PASS TO USTR FOR SHAUN DONNELLY, BETSY HAFNER  
AND PAUL BURKHEAD  
NSC FOR MATT PALMER  
GENEVA FOR AMBASSADOR ALLGEIER  
TREASURY FOR CLAY LOWERY, NANCY LEE AND JEFF BAKER  
USDOC FOR U/S LAVIN

E.O. 12958: N/A  
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [ETRD](#) [AJ](#)  
SUBJECT: WTO AMBASSADOR ALLGEIER DISCUSSES WTO ACCESSION  
WITH AZERBAIJANI MPS

REF: BAKU 1531

BAKU 00001564 001.2 OF 002

SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET DISTRIBUTION.

11. (SBU) SUMMARY: In an October 17 lunch meeting with visiting U.S. Ambassador to the World Trade Organization Peter Allgeier, key Members of Parliament (MPs) agreed that when considering potential WTO accession, the most important point to consider is that Azerbaijan possesses the political will to become a WTO member. Ambassador Allgeier said that Parliament will play an important role in Azerbaijan's future as a potential WTO member, and that fulfillment of Azerbaijan's legislative action plan would be necessary. He emphasized that the U.S. wants to see Azerbaijan become a WTO member and views the road to membership as a joint project. Ambassador Allgeier cautioned that if Azerbaijan is "not at the table" to set the rules for the future of the international trading system, they will be set by others. The MPs discussed the need for economic reform in Azerbaijan, particularly in the regions outside of Baku, and shared their desire for Azerbaijan's economy to become more competitive internationally. They agreed that WTO accession is the best way to achieve Azerbaijan's economic goals, and urged Ambassador Allgeier to consider the problems unique to Azerbaijan when developing the requirements necessary for the country to become a WTO member. END SUMMARY.

PARLIAMENT'S ROLE IN WTO ACCESSION  
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12. (SBU) On October 17, Ambassador Derse hosted a lunch with key members of the Azerbaijani Parliament in honor of visiting U.S. Ambassador to the World Trade Organization Peter Allgeier. Guests included ruling party MP and Chair of the Agrarian Policy Commission Eldar Ibrahimov, independent MP and Chair of the Economic Policy Commission Ziyad Samadzade, and independent MPs Gultakin Hajiyeva and Chingiz Asadulleyev from the Foreign Affairs and Inter-Parliamentary Relations Commission. Referring to his meeting with President

Ilham Aliyev, Ambassador Allgeier said that Parliament will play an important role in Azerbaijan's future as a potential WTO member. He mentioned that Parliament has already passed legislation making changes that will be necessary for WTO accession, and highlighted the need for the fulfillment of Azerbaijan's legislative action plan. Allgeier assured the group that the U.S. wants to see Azerbaijan become a WTO member, and views the road to membership as a joint project.

#### WTO SUCCESS STORIES

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13. (SBU) Ambassador Allgeier highlighted the major economic boost to countries that have recently joined the WTO, such as Moldova and Lithuania. He said that in order for Azerbaijan to benefit most from WTO membership, it should carefully examine the experiences of other countries in this process. Ambassador Allgeier said that Azerbaijan has a huge advantage in its energy-sector revenues, creating a much more competitive environment than that of countries like Moldova and Lithuania, and advised the group to create an environment that would be advantageous to entrepreneurship. According to Ambassador Allgeier, the rules for the future of the international trading system are being set in the WTO, and if Azerbaijan is "not at the table" to influence the system and protect its own interest, the rules will be set by others - including, he cautioned, others in the region.

#### OPEN ECONOMIC POLICIES

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14. (SBU) Independent MP Ziyad Samadzade shared his opinion that President Aliyev's open economic policies are a clear indication of Azerbaijan's willingness to become a WTO member. He said that although some economic problems remain, he was fully confident that these problems will be addressed during the accession process. Samadzade touched upon the

BAKU 00001564 002.2 OF 002

development problems facing Azerbaijan's regions outside of Baku, and emphasized the need for international support in order for the Azerbaijani economy to become more competitive. According to Samadzade, Azerbaijan is already taking steps in the direction of WTO membership in areas such as customs reforms. Samadzade also praised the liberalization of Azerbaijan's banking system, pointing out that problems in this area had been solved long ago, unlike those of Russia.

#### DEVELOPMENT OF AZERBAIJAN'S LAWS

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15. (SBU) Comparing the country to other candidates for WTO membership, independent MP Chingiz Asadullayev said that Azerbaijan is ready for accession. Asadullayev outlined Azerbaijan's progress in development of the oil sector and the banking system. He shared his concern that the potential use of many of Azerbaijan's natural resources is being neglected, and specifically mentioned the need for agriculture financing. According to Asadullayev, Azerbaijan can be compared to a 15 year-old child, and needs time to modify its more than 2,000 laws.

#### AZERBAIJAN'S POLITICAL WILL

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16. (SBU) Independent MP Gultakin Hajiyeva strongly emphasized that Azerbaijan possesses the political will to join the WTO, as declared many times by President Aliyev - a statement repeated by ruling MP Eldar Ibrahimov. Hajiyeva acknowledged that the country has some serious problems deriving from the political situation, such as the heavy financial burden of supporting the IDPs and refugees that resulted from the ongoing conflict in Nagorno-Karabakh and the occupied territories. However, she continued, multifaceted solutions to these problems can be found. According to Hajiyeva, Azerbaijan is the best strategic U.S. partner in the region,

but Russia and Iran remain Azerbaijan's biggest economic partners. Hajiyeve concluded that WTO accession is Azerbaijan's strategic choice, and that Parliament understands that membership is in the country's best interests and intends to cooperate.

17. (U) Ambassador Allgeier did not have the opportunity to review this cable.

DERSE